

## STABLE VALUE FIXED

Active Management

JUNE 30, 2013



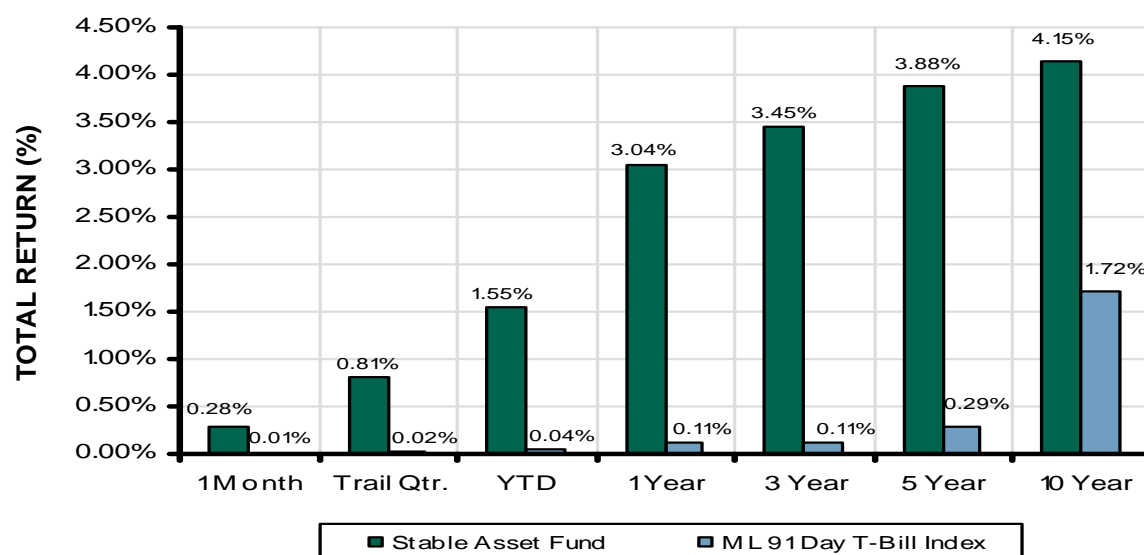
Northern Trust

**OBJECTIVE**

Northern's Collective Stable Asset Fund seeks to provide a market rate of return consistent with the preservation of capital through a short duration, high quality portfolio.

**CHARACTERISTICS (As of 06/30/13)**

FUND PROFILE	06/30/2013	03/31/2013	06/30/2012
Total Assets	\$ 933.3 MM	\$930.0 MM	\$922.1 MM
Average Yield	3.53%	3.26%	3.16%
Average Duration	2.7 years	2.8 years	2.9 years
Average Credit Quality	Aa2	Aa2	Aa2
Market-to-Book Ratio	103.2	105.3	105.8

**PERFORMANCE (As of 06/30/13)**

Performance results are presented gross of investment management fees. Performance shown for periods greater than one year is annualized. Additional performance information is provided in the "Information" section at the end of this document.

**MARKET COMMENTARY (2nd QUARTER 2013)**

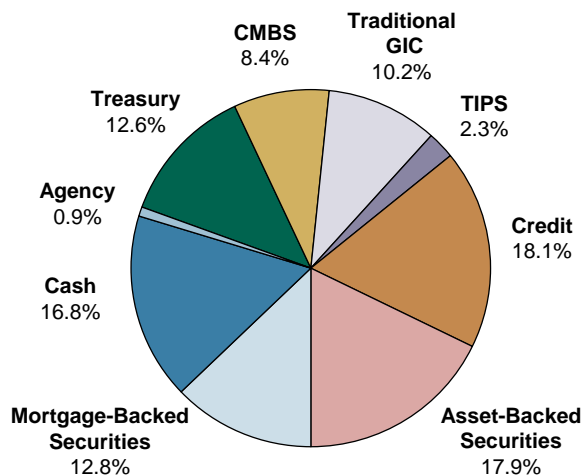
Interest rates moved sharply higher the last two weeks of the quarter after the Federal Reserve signaled a possible slowdown, or tapering, of its monthly \$85 billion US government debt and mortgage-backed security bond buying program. Over the quarter, the ten-year US Treasury note touched levels not seen in almost two years and ended the period 64 basis points higher at 2.48%. Shorter term interest rates moved higher as well, as the two-year US Treasury note yield increased 11 basis points to 0.35% and the five-year US Treasury note yield increased 63 basis points to 1.39% to finish the quarter. The significant move in interest rates, whether intended or unintended by the Fed, coincided with the release of economic data described as average at best. First quarter US Gross Domestic Product (GDP) growth was revised down from 2.4% to 1.8%. The unemployment rate stands at 7.6%. And, the core Consumer Price Index (CPI) measured 1.7% on a year-over-year basis. The Federal Reserve has pledged to target a Federal Funds rate of 0.0% to 0.25% as long as the unemployment rate remains above 6.5% and inflation is no more than 0.5% above the 2.0% long-run goal. Though the timing of a reduction in the Federal Reserve's bond buying program remains fluid, the current target Federal Funds rate is likely to remain unchanged through at least late 2014.

Stable value wrap capacity continues to increase for separately managed accounts and highly diversified commingled funds, but is difficult to obtain for commingled funds with more a concentrated participant profile. Book value wrap providers expect to supply more than \$100 billion in new capacity this year to attractive accounts/funds. This is an encouraging indication of commitment to the product by the wrap providers and a healthy increase over the \$65 billion (approximately) in capacity provided in 2012. Total assets in stable value funds exceeded more than \$700 billion at the end of 2012.

## PORTFOLIO DIVERSIFICATION

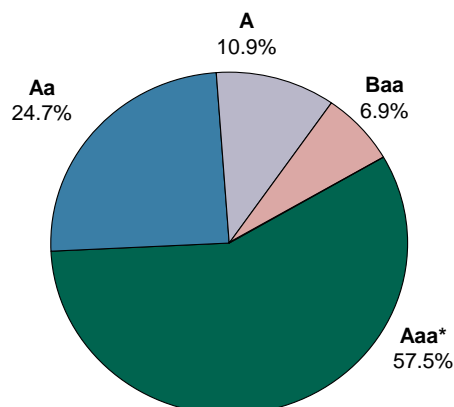
Diversification can reduce portfolio risk by minimizing sector and company-specific exposure. Fund assets are managed in an effort to diversify across many fixed income asset sectors and, within those sectors, to diversify among multiple issuers.

Sector Diversification



\*Includes sector exposure of the Northern Trust collective bond index funds and short term investment fund in which the stable asset fund invests.

Portfolio Quality Distribution



\*Aaa includes U.S. Treasury Securities and cash investments.

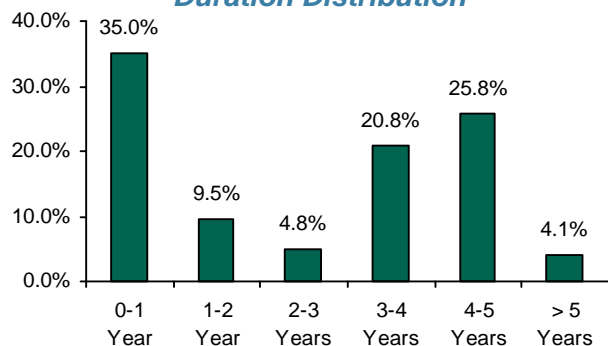
Top Wrap Contract Providers

NATIXIS Financial Products Inc.	26.3%
ING Life & Annuity	21.1%
State Street Bank and Trust Company	14.5%
Pacific Life	9.8%
Jackson National Life Insurance Company	2.6%
Principal Life Insurance Company	2.3%
Monumental Life (Aegon)	1.5%
Protective Life	2.7%
Prudential	2.6%

Component Fund Allocation

Intermediate Credit Bond Index Fund	15.3%
Asset-Backed Securities Bond Index Fund	14.2%
Mortgage-Backed Securities Bond Index Fund	10.5%
Commercial Mortgage-Backed Bond Index Fund	5.2%
Short-Term Government Bond Index Fund	4.2%
Long Term Government Bond Index Fund	1.8%
Treasury Inflation Protected Securities Index Fund	2.3%
Short-Term Credit Bond Index Fund	2.3%
Intermediate Government Bond Index Fund	1.4%
Short Term Investment Fund	16.8%
<b>Total Component Funds</b>	<b>74.0%</b>
Liquid Portfolio Securities	15.9%
Traditional GIC	10.1%
<b>Total Fund Investments</b>	<b>100.0%</b>

Duration Distribution



## ADDITIONAL INFORMATION

Note: There can be no guarantee that the Fund's objective will be achieved, and current investments are subject to potential loss if the issuing institutions suffer insolvency. Some information contained herein has been obtained from third-party sources and has not been independently verified by Northern Trust Company. The Company makes no representative as to the accuracy or the completeness of any of the information herein.

The above information has been prepared in conjunction with the sub-advisor. While we believe the sources on which it is based to be accurate, this information is unaudited, and subject to review and revision.

## INFORMATION

## STABLE ASSET FUND – Annual Returns

Year	Fund	Index	Product Asset (\$mil)	Firm Assets (\$mil)
YTD 2013	1.55%	0.04%	933.3	673,617.7
2012	3.06%	0.11%	959.5	630,253.1
2011	3.57%	0.10%	969.7	545,520.6
2010	4.38%	0.13%	790.6	469,395.1
2009	4.55%	0.21%	777.2	449,099.3
2008	4.56%	2.06%	779.4	393,273.2
2007	4.81%	5.00%	735.5	443,547.1
2006	4.65%	4.85%	671.0	397,133.6
2005	4.37%	3.07%	635.9	343,655.0
2004	3.99%	1.33%	655.0	325,494.5

Information is provided to illustrate typical sectors and securities in which the portfolio may invest and to reflect representative portfolio characteristics. It should not be considered investment advice or a recommendation to buy or sell any security. There is no guarantee that securities remain in the portfolio or that securities sold have not been repurchased. It should not be assumed that any investments were profitable or will prove to be profitable, and past performance does not guarantee future results. Past performance is no guarantee of future results. Periods greater than one year are annualized except where indicated. Returns reflect the reinvestment of dividends and other earnings and are shown before the deduction of investment management fees, unless indicated otherwise. Returns of the indexes also do not typically reflect the deduction of investment management fees, trading costs or other expenses. It is not possible to invest directly in an index. Indexes are the property of their respective owners, all rights reserved.

Actual portfolio returns would be reduced by investment management fees and other expenses relating to the management of your account. To illustrate the effect of the compounding of fees, a \$50 million account which earned a 10% annual return and paid an annual fee of 0.07% would grow in value over five years to \$80.5 million before fees and \$80.3 million after deduction of fees. For additional information on fees, please read Part II of the Form ADV or consult your Northern Trust Representative.

There are risks involved in investing including possible loss of principal. There is no guarantee that the investment objectives or any fund or strategy will be met. Risk controls and asset allocation models do not promise any level of performance or guarantee against loss of principal. All material has been obtained from sources believed to be reliable, but the accuracy, completeness and interpretation cannot be guaranteed.

Asset Management at Northern Trust comprises Northern Trust Investments, Inc. (NTI), Northern Trust Global Investments Limited (NTGIL), Northern Trust Global Investments Japan, K.K. (NTGIJ), The Northern Trust Company of Connecticut (NTCC), and its subsidiaries, including NT Global Advisors, Inc., and investment personnel of The Northern Trust Company (TNTC), to offer investment products and services to personal and institutional markets. The fund is a collective investment trust (CIT) and is privately offered. Prices are not available in publication and a fund prospectus is not required. Please contact your service representative for further information.

Northern Trust 50 South La Salle Street Chicago, Illinois 60603 . For more information call (877) 651-9156.

Not FDIC Insured / May Lose Value / No Bank Guarantee

For more information,  
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